

Message Text

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AMCONSUL MELBOURNE

/CINCPAC

C O N F I D E N T I A L CANBERRA 6954

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: AS, PINT

SUBJECT: OPPOSITION PARTIES DELAY GOVERNMENT SUPPLY BILLS IN
THE SENATE PENDING NEW ELECTIONS

REF: A) CANBERRA 6876; B) CANBERRA 6804

1. SUMMARY: ON THE AFTERNOON OF OCT 16 OPPOSITON LEAD-
ER MALCOM FRASER ANNOUNCED THAT THE OPPOSITION PARTIES
WOULD DELAY THE WHITLAM GOVERNMENT'S SUPPLY BILLS IN THE
SENATE UNTIL THE GOVERNMENT AGREES TO HOLD ELECTIONS
FOR THE HOUSE OF REPRESENTATIVES. THIS IN EFFECT
AMOUNTS TO THE FIRST REJECTION OF A GOVERNMENT MONEY
BILL BY THE SENATE IN AUSTRALIAN HISTORY. MINUTES LATER
A KEY LOAN BILL AND ONE OF THE THREE SUPPLY BILLS WERE
DEFEATED IN THE SENATE BY VOTES OF 29 TO 28. THE OPPO-
SITION HAS THE NUMBERS AND THE DISCIPLINE TO REJECT
OTHER SUPPLY BILLS AS WELL. THE PRIME MINISTER PROMPTLY
ANNOUNCED THAT HE WOULD NOT BE PANICKED OR BLACKMAILED
AND WON AUTHORITY FROM LABOR'S PARLIAMENTARY CAUCUS TO
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CALL A HALF SENATE ELECTION AT A TIME OF HIS OWN CHOOS-

ING. WE BELIEVE THAT THERE WILL BE AN ELECTION AT LEAST FOR HALF THE SENATE OR POSSIBLY FOR BOTH HOUSE OF PARLIAMENT SOMETIME IN DECEMBER, PROBABLY THE 6TH OR THE 13TH.
END SUMMARY.

2. FRASER'S DECISION HAD BEEN ANTICIPATED AND THROWS AUSTRALIA INTO AN UNPRECEDENTED PARLIAMENTARY CRISIS. THIS IS THE FIRST TIME IN AUSTRALIAN HISTORY THAT AN OPPOSITION PARTY HAS REJECTED IN THE SENATE THE MONEY BILLS OF A GOVERNMENT WHICH HAS A MAJORITY IN THE HOUSE OF REPRESENTATIVES.

3. THE WHITLAM GOVERNMENT HAS REACTED IN ANGER, AND THE LABOR PARTY HAS RALLIED STRONGLY BEHIND ITS LEADER. THE LABOR PARTY ARGUES THAT UNDER THE WESTMINSTER SYSTEM THE UPPER HOUSE HAS NO RIGHT TO REJECT OR DELAY MONEY BILL SPASSED BY THE LOWER HOUSE. THE OPPOTITION PARTIES ARGUE THAT UNDER THE AUSTRALIAN CONSTITUTION THE SENATE DOES HAVE THIS RIGHT AND HAVE REFERRED TO STATEMENTS MADE BY WHITLAM WHEN HE WAS IN OPPOSITION SUPPORTING THIS PROPOSITION. IN FACT THE AUSTRALIAN SENATE IS A HYBRID BASED PARTLY ON THE HOUSE OF LORDS AND PARTLY ON THE U.S. SENATE. THE SENATE HAS THE LEGAL RIGHT TO REJECT A MONEY BILL ALTHOUGH IT HAS NEVER DONE SO.

4. AT THE MOMENT THE OPPOSITION PARTIES HAVE AN OVERWHELMING LEAD IN THE PUBLIC OPINION POLLS. THE LATEST MORGAN GALLOP POLL GIVES THE OPPOSITION A 21 PERCENT LEAD. PRIVATE POLLS BASED UPON A SMALLER SAMPLING GIVE THEM A 29 PCT LEAD. IF ELECTIONS WERE HELD FOR THE HOUSE OF REPRESENTATIVES EVEN A SWING OF HALF THIS MAGNITUDE WOULD DECIMATE THE LABOR PARTY.

5. WHITLAM HAS NOT INDICATED HOW HE WILL PROCEED. HE HAS THREE OPTIONS. HE CAN CONTINUE TO GOVERN UNTIL FUNDS RUN OUT AND TRY TO BLAME THE OPPOSITION FOR THE ECONOMIC CHAOS WHICH WOULD RESULT. HE COULD CALL FOR HALF SENATE ELECTIONS WHICH ARE SCHEDULED FOR THE SPRING IN ANY EVENT. HE COULD ASK THE GOVERNOR GEN-
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ERAL TO DISSOLVE BOTH HOUSES OF PARLIAMENT AND HOLD ELECTIONS FOR BOTH.

6. AT THIS TIME IT APPEARS THAT HE WILL AT FIRST CALL FOR HALF SENATE ELCTIONS. THIS MEANS THAT THE TWO SENATE VACANCIES FROM QUEENSLAND AND NEW SOUTH WALES IN WHICH THE STATE PREMIERS FILLED SEATS FORMERLY HELD BY THE ALP WITH NON-LABOR SENATORS, THE

TWO SEATS IN THE SENATE FOR THE AUSTRALIAN CAPITAL TERRITORY AND THE TWO SEATS IN THE SENATE FOR THE NORTHERN TERRITORY WOULD BE FILLED RIGHT AFTER THE ELECTION WHEREAS OTHER SENATORS ELECTED IN THE HALF SENATE ELECTION WOULD NOT TAKE THEIR SEATS UNTIL LATE NEXT SPRING. WERE WHITLAM TO TAKE THIS COURSE HE WOULD BE HOPING THAT LABOR COULD WIN BACK THE QUEENSLAND AND NEW SOUTH WALES SEATS AS WELL AS ONE SEAT IN THE ACT AND ONE IN THE NORTHERN TERRITORY. HE WOULD ALSO BE HOPING THAT FORMER-LIBERAL PRIME MINISTER JOHN GREY GORTON WOULD BE ABLE TO GAIN ONE ACT SEAT FOR THE LIBERAL MOVEMENT. IF ALL THESE THINGS HAPPENED THE ALP WOULD GAIN A 33-31 MAJORITY IN THE SENATE ON MONEY BILLS SINCE BOTH THE THEN LIBERAL MOVEMENT SENATORS, STEELE HALL AND JOHN GORTON, WOULD SUPPORT THE ALP.

7. SUCH A RESULT IN THE SENATE ELECTIONS IS MOST UNLIKELY. THE NORTHERN TERRITORY HAS NEVER BEEN A LABOR STRONGHOLD AND DISCONTENT WITH THE FEDERAL GOVERNMENT'S PLANS TO REBUILD DARWIN IS VERY HIGH. IT IS PROBABLE THAT THE NORTHERN TERRITORY WILL ELECT TWO COUNTRY PARTY SENATORS. JOHN GORTON FACES AN UPHILL FIGHT TO WIN OVER A LIBERAL CANDIDATE IN THE ACT. FINALLY LABOR NEEDS A 3 PCT SWING IN ITS FAVOR TO WIN THE SENATE SEATS IN QUEENSLAND AND NEW SOUTH WALES IMMEDIATELY AT ISSUE. THUS THE OPPOSITION STANDS TO STRENGTHEN ITSELF IN THE SENATE DURING HALF SENATE ELECTIONS.

8. TO FURTHER COMPLICATE THE PROBLEM WRITS FOR SENATE ELECTIONS ARE ISSUED BY STATE GOVERNORS GENERAL NOT BY THE GOVERNOR GENERAL OF AUSTRALIA, AND FOUR OF THE SIX STATE PREMIERS ARE MEMBERS OF THE OPPOSITION PARTIES. THEY HAVE THE OPTION OF REFUSING TO ISSUE

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WRITS OF ELECTION, AND THE OPPOSITION PARTIES HAVE ADVISED THEM TO DO SO. IF BJELKE-PETERSON IN QUEENSLAND AND TOM LEWIS, THE PREMIERS OF QUEENSLAND AND NEW SOUTH WALES, ADOPT THIS RECOMMENDATION ELECTIONS FOR THE TWO SENATE SEATS NOW FILLED BY NON-LABOR APPOINTEES WOULD NOT BE HELD UNLESS THE PRIME MINISTER APPEALED DIRECTLY TO THE QUEEN ASKING HER TO OVERRULE THE GOVERNORS-GENERALS OF THE TWO STATES. SUCH AN APPEAL IS MOST UNLIKELY.

9. COMMENT: THE DECKS HAVE BEEN CLEARED FOR ONE OF THE ROUGHEST CONFRONTATIONS IN AUSTRALIAN POLITICAL HISTORY. SOONER OR LATER WHITLAM WILL PROBABLY HAVE TO AGREE TO ELECTIONS FOR THE HOUSE OF REPRESENTATIVES. IN THE INTERIM PERIOD HE AND HIS PARTY WILL CAMPAIGN

HARD ON THE THEME THAT THE OPPOSITION PARTIES AND THE PRIVILEGED CLASSES AND THE VESTED INTERESTS WHICH SUPPORT THEM ARE USING UNCONSTITUTIONAL MEANS TO FORCE OUT A REFORMING GOVERNMENT WHICH HAS THE INTERESTS OF THE WORKING MAN AT HEART. THE OPPOSITION PARTIES WILL ARGUE THAT THE WHITLAM GOVERNMENT IS CORRUPT, DISHONEST, AND INCOMPETENT AND THAT ITS ECONOMIC MISMANAGEMENT IS RUINING THE COUNTRY. ONE CRUCIAL FACTOR WHICH BEARS ON THE OUTCOME IS THAT THE LABOR PARTY IS STRAPPED FOR CAMPAIGN FUNDS WHILE THE OPPOSITION PARTIES' FINANCES ARE IN EXCELLENT SHAPE. ANOTHER KEY FACTOR IS WHITLAM HIMSELF. HE IS A VIGOROUS AND TOUGH CAMPAIGNER WHO IS AT HIS BEST WHEN THE ODDS ARE AGAINST HIM. HE WILL REDUCE THE SWING AGAINST LABOR ALTHOUGH IT IS UNLIKELY THAT HE WILL BE ABLE TO OVERCOME THE OPPOSITION'S HUGE LEAD. THE DANGER IS THAT THE KIND OF CAMPAIGN HE PLANS TO WAGE WILL WIDEN CLASS DIVISIONS WITHIN AUSTRALIA MAKING IT DIFFICULT FOR THE OPPOSITION TO OBTAIN THE COOPERATION IT WILL NEED FROM THE TRADE UNION MOVEMENT IF IT IS TO GOVERN EFFECTIVELY WHEN, AS ANTICIPATED, IT COMES TO POWER. A NUMBER OF OPPOSITION SHADOW MINISTERS HAVE ALREADY EXPRESSED RESERVATIONS ABOUT THE WISDOM OF REJECTING SUPPLY IN THE SENATE. THEY FEAR THAT A STEP HAS BEEN TAKEN WHICH

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CHANGES THE POLITICAL RULES OF THE GAME IN AUSTRALIA - A CHANGE WHICH WILL REBOUND AGAINST THEIR PARTIES IN THE FUTURE. THIS FEAR IS REINFORCED BY THEIR BELIEF THAT MALCOLM FRASER IS A RIGID CONSERVATIVE WHO LACKS THE PRAGMATIC QUALITIES OF A MENZIES OR A HOLT. IN ANY EVENT, POLITICAL TEMPERS ARE HIGH. ONE AUSTRALIAN DESCRIBED THE SITUATION AS A DESPICABLE ACT AGAINST A DESPICABLE GOVERNMENT. END COMMENT.

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